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Recommendation #25

Recognize the importance of exports to Wisconsin dairy

Sub-committee: Research and Innovation

Submitted by: Dr. John Lucey

Problem Statement: The US only exports about 5% of its cheese, exports are a huge virtually untapped growth opportunity for our cheese industry.

Recommended Solution:

Wisconsin needs to **develop a plan and strategies that help our cheesemakers to produce new products successfully targeted for export markets**, to provide our smaller plants with the logistical support needed for the transportation of their products to distant markets, and to obtain greater consumer insights on the types of products required in these key overseas markets. Wisconsin should consider developing its own Wisconsin Cheese Brand and a Dairy Export Board that specifically helps grow and support our dairy export business.

Recommendation #26

Increased collaboration in the UW System and with private industry

Sub-committee: Research and Innovation

Submitted by: Dr. John Lucey

Problem Statement: There are World class scientists within the UW system, including experts on cheese science, cattle genetics, microbial fermentation, and consumer science. However, some funding programs like the dairy checkoff make it difficult to do some types of collaboration between these experts. For example, to explore non-food uses for dairy co-products, or modifying milk to create new/unique dairy products. Also, the dairy industry is not always aware of the ongoing research that could benefit them that is occurring within the UW System.

Recommended Solution:

Funding opportunities need to be explored/developed that allow for new, unique, impactful ideas to be explored which could provide significant benefits to the dairy industry by leveraging the cross-disciplinary expertise within the UW system. We encourage greater engagement between researchers within the UW system and the dairy industry, so that their research quickly benefits these farmers and processors.

Recommendation #27

Regulatory changes needed to FDA product standards of identity

Sub-committee: Research and Innovation

Submitted by: Dr. John Lucey

Problem Statement: The dairy industry has many standards of identity that tightly regulate ingredients and how products like cheese, milk and yogurt are made. Most of these standards have not been substantially changed in several decades, and do not take into account the new processing technologies and innovations that are now widely available. This puts US dairy manufacturers at a competitive disadvantage as European dairy companies are able to use these technologies to make products more efficiently than the US, as well as produce some new types of value-added products.

Recommended Solution:

The **FDA is encouraged to update and modernize their standards of identity for dairy products** which hinder product innovation, such as, recent technologies for milk concentration and membrane filtration.

Recommendation #42

Increase in dairy processor grant funding

Sub-committee: Research and Innovation

Submitted by: Chad Vincent

Problem Statement: The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) awards dairy processor grants annually on a competitive basis. Applicants are licensed Wisconsin dairy processors who are seeking opportunities to innovate and develop new dairy products, increase efficiencies in their plants, expand or modernize existing facilities, or plan for new plant or processes. Requests to the grant program are nearly two to three times the amount of available funds.

Recommended Solution:

The State of Wisconsin **increase funding of the dairy processor grant program** from \$200,000 to \$400,000 annually. Increased funding will promote and encourage growth and innovation in Wisconsin dairy plants.

Recommendation #43

Need to engage with state and federal government leaders

Sub-committee: Research and Innovation

Submitted by: Chad Vincent and Jeff Buhrandt

Problem Statement: The challenges facing the dairy industry are complicated and are constantly evolving. To ensure continued support and secure the policy changes necessary, the industry must enhance their efforts to communicate these challenges effectively to all of their stakeholders, including government leaders.

Recommended Solution:

The Task Force recommends that dairy farmers, processors, and businesses work together to **increase and enhance their communication and education efforts with state and federal government leaders, including legislator and administration officials in both Madison and Washington.**

In addition, dairy industry leaders will develop a comprehensive federal and state legislative strategy. This will include assisting stakeholders in identifying and contacting their local legislators and key legislators who serve on committees that directly engage with the dairy industry. Finally, the industry will provide training and guidance on how best to engage with these legislators in person, by phone, and digitally.

Recommendation #44

Staffing analysis at CDR and additional state funds for full-time positions

Sub-committee: Research and Innovation

Submitted by: Chad Vincent

Problem Statement: The Center for Dairy Research (CDR) is and has been a crucial partner in the growth of the Wisconsin dairy industry over the past 30 years. Since 1986, this Center has created new dairy products, solved quality issues in cheesemaking, found new uses for whey and dairy ingredients, directly assisted industry with development and implementation of food safety programs, educated industry in hundreds of workshops and seminars, and gathered manufacturers in a Cheese Industry Team that focuses a diverse group of competitors on shared goals for research and product development. The CDR is the envy of dairy markets around the world.

In 2012, dairy processors and the state of Wisconsin partnered to raise funds to construct an independent home – a state-of-the-art research and training facility – for CDR. That facility is now under construction. This new facility offers enormous promise, yet no new state funding has been proposed to expand the number of researchers, food technologists, trainers and outreach

personnel for CDR. Currently, only about 4% of the operating budget for CDR comes from State funding. A facility is only as useful as the minds that inhabit the building. CDR has the potential to directly impact new and greater uses of fresh farm milk in Wisconsin.

Recommended Solution:

This task force recommends **the state of Wisconsin devote significant additional funding to the Center for Dairy Research** for additional faculty and staff at the University of Wisconsin to accelerate value-added cheese and dairy product research and development.

1. We recommend Center for Dairy Research leadership prepare an analysis of staffing needs to optimize the capability of the new facility and share this report with industry and legislators to guide the implementation of additional funds.
2. We recommend additional funds be allocated in Wisconsin's state budget to support new full-time staff positions at Center for Dairy Research. In its new facility, CDR will expand R&D in specialty cheese, begin aseptic milk processing, explore new fluid milk packaging and execute cutting-edge dairy ingredient development. Additional expert staff is needed to execute this expanded mission for the Center.

Recommendation #45

Emphasis on value-added and specialty cheese in Wisconsin

Sub-committee: Research and Innovation

Submitted by: Chad Vincent

Problem Statement: Specialty and value-added cheese has proven an invaluable growth engine for Wisconsin's dairy market. In the past 30 years, Wisconsin leveraged its manufacturers' knowledge of cheesemaking, its University resources and incentives from state government to build value-added production. Today, nearly half the nation's specialty cheese is made in Wisconsin by a diverse array of cheese business large and small. Wisconsin produces about 25 percent of all cheese in the U.S. and our 3.3 billion production uses nearly 90 percent of the state's fresh farm milk. Growth in cheese, particularly specialty cheese, and incubation of new styles and new processors, is paramount to continued demand for quality, local Wisconsin milk.

High volume cheese such as cheddar and mozzarella are crucial commodities for Wisconsin's large, efficient processing companies and cooperatives. However, there is increasing pressure on this portion of the Dairy Market with a number of large-scale processing plants being built across the U.S. With our strength in innovation, and an existing specialty cheese infrastructure, we believe research and innovation in specialty and value-added cheese is vital to the stability and growth of Wisconsin's Dairy Industry.

Recommended Solution:

The highest priority for research and innovation within the Wisconsin dairy industry is specialty cheese and other value-added dairy products.

- 1. Market understanding is critical to innovation.** We recommend an in-depth consumer study be conducted to uncover innovative new products, and new uses and preparations for cheese, with results shared with all processors in the state.
- 2. Access to production for startups and innovative concepts.** Capital required by a new cheese processors creates a high barrier to entry. We recommend an economic and engineering study to evaluate methods for shared cheese production spaces for startup operations enabling new ideas and new cheesemakers to enter the dairy market.
- 3. Innovation in distribution to east & west coast markets.** Many small and midsize cheese companies in Wisconsin could find new retail and foodservice partners, and more enthusiastic consumers, if distribution channels could be developed to consolidate small cheese volumes into truckload shipments. Many of the state's cheesemakers could expand their milk usage through increased distribution in markets new to Wisconsin specialty cheeses. We recommend a distribution analysis to conceive and construct an infrastructure to consolidate multiple company's products for joint freight, cold storage and distribution in key markets within U.S. population centers.

Recommendation #21

Investments in scholarships, planning support, and apprenticeship sponsors

Sub-committee: Generational Succession and Transition

Submitted by: Melissa Haag and Joy Kirkpatrick

Problem Statement: Monies which were available for producer grants under the Grow Wisconsin Dairy 30X20 program have more recently been directed to the Governor's Dairy Scholarship program. Both programs have been useful, but the program parameters should allow flexibility for use of farms at differing stages of their careers.

Recommended Solution:

- 1. Continue "Governor's Dairy Scholarship".** Maintain the existing program with guidelines already in place. Details can be found at: <http://www.heab.state.wi.us/docs/dairy/GDSsummary.pdf>. Last year, this program provided \$200,000 for students of any age at any stage of their dairy career who were seeking educational opportunities in dairy science programs.

2. *Reinstate a portion of the “Grow Wisconsin Dairy”* initiative which provided farmers the opportunity to access funding intended for the use of farm succession and transition planning. Family farms are in need of guidance as they transfer assets from one generation to the next. This complex topic is difficult to strike a balance between the financial capabilities of the younger generation and care maintenance / retirement for the older generation. Access to a neutral third party can be an important key to the success of farm transitions, but professional facilitation and advice can be costly.

3. Provide a financial assistance grant to producers participating in sponsorship of a **“Registered Apprenticeship Program.”** Pathways into dairy farming are limited for young farmers who may not have been born into a farm family or whose family farm operation is too small for them to join. Registered apprenticeship programs give young farmers the opportunity to actively learn on-the-job alongside an established dairy farmer. This experience provides the young farmer a valuable learning experience, while helping them ease into their own potential farming operation. While these programs are beneficial for young farmers, they can create a significant cost to the certified farm operation acting as a mentor. Mentors are vital to the success of registered apprenticeship programs and grant funding might provide an incentive for dairies to participate.

Recommendation #22

Reimplementation of the Beginning Farmer and Farm Asset Owner tax credit

Sub-committee: Generational Succession and Transition

Submitted by: Ryan Klussendorf

Problem Statement: The 2009 Wisconsin Statutes 93.53 — *Beginning farmer and farm asset owner tax credit eligibility* — authorizes a tax credit to support enrollment of the beginning farmer to enroll in a financial management program. The tax credit was terminated in 2013. An eligible farmer can access the credit which is equal to 15 percent of a lease amount received by an established farmer. Chattel (machinery, equipment, facilities, livestock, etc.) may be used for asset valuation but owned land cannot. This is too restrictive for beginning farmers who are purchasing land assets. Further, the \$200,000 constraint on individual net worth is too restrictive as an owned dwelling may exceed the limitation.

Recommended Solution:

4. *Reinstate the 2009 Wisconsin Statutes 93.53 — Beginning farmer and farm asset owner tax credit with these changes:*
5. *Include “Agricultural land” in the definition of an agricultural asset* in Wisconsin Statute 93.53 Section(1)(a)

6. *Increase the restriction of individual net worth from “\$200,000” to “500,000” in Wisconsin Statute 93.53 Section(2)(a)*
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Recommendation #23

Need for additional farm business succession facilitators

Sub-committee: Generational Succession and Transition

Submitted by: Dave Daniels

Problem Statement: The average age of farm operators is approaching 60 years old. As an increasing number of farm businesses approach succession and transition of assets to a younger generation, there are a limited number of facilitators to aid in the process. These farm owners need access to group and individual education and facilitation.

Recommended Solution:

Maintain and Coordinate succession facilitators from University of Wisconsin-Center for Dairy Profitability, University of Wisconsin-Extension, Wisconsin Department of Agriculture, Trade and Consumer Protection (Farm Center), and Wisconsin Technical Colleges across the state. This may be accomplished by creating an administrative board which would coordinate statewide activities and serve as a central clearinghouse for program resources and information. Such a centralized board may also seek funding support from USDA, other granting agencies, or the recommended Dairy Innovation Hub to hire additional facilitators.

Recommendation #28

Review eligibility for DWD services for self-employed individuals

Sub-committee: Generational Succession and Transition

Submitted by: Charles Untz

Problem Statement: The Wisconsin Department of Workforce Development is chartered in part to provide employment and training for adult workers to re-enter the workforce. However, self-employed workers who have lost their business—such as farmers—do not meet eligibility requirements under the dislocated worker program. They have not received a “notice of termination or layoff” from an employer.

Recommended Solution:

The State of Wisconsin should review the “Workforce Innovation and Opportunity Act (WIOA) Title 1. Eligibility Determination and Documentation, 8.2.2” to alter eligibility to include self-employed individuals.

Recommendation #3

Encourage young people to pursue ag careers

Subcommittee: Consumer Confidence and Perception

Submitted by: Dennis Bangart and Amy Penterman

Problem Statement: Agriculture in Wisconsin contributes nearly half million careers to the workforce in Wisconsin making it one of the state’s single largest employment sectors. Yet, our rural communities struggle to retain our youth in an industry that requires high levels of science, technology, and skills to maintain this vital system.

Recommended Solution:

To establish and offer model programs for communities, local businesses, and education systems in career path development programs targeting the agriculture career sector. The goal is to show that local industries, agriculture companies, manufacturers, and farms offer highly skilled and technical careers right in their local communities, with the ultimate goal of retaining or returning youth after education and attracting individuals with high skill sets into our local agriculture based infrastructures and economies.

Recommendation #4

Need for a consistent industry message

Subcommittee: Consumer Confidence and Perception

Submitted by: Jen Walsh, Moriah Brey and Mark Stephenson

Problem Statement: The Consumer Confidence and Perception sub-committee of the Dairy Task Force 2.0 recognizes a need for a cohesive, consistent message about dairy to communicate to consumers by all players in the dairy industry to allow us to strengthen our positive message through repetition via multiple channels.

Most of us in the industry can recite the fact that dairy is a \$43 billion industry in Wisconsin¹. We all recite the fact that 90% of Wisconsin's milk is made into cheese². Let's broaden those succinct, well-known talking points to include a broader range of issues, including those that impact consumer confidence and perceptions about dairy; things such as nutrition, environmental stewardship, economic impact, animal care, etc.

Recommended Solution:

We recommend creating a one-page reference sheet with key messages related to different facets of dairy to be distributed to key players, including the governor's office, farm organizations, universities, etc., to ensure that when we talk about dairy, we all speak with a united voice and send a consistent, positive message to consumers.

Creation of the reference sheet would be a multi-organizational effort, using research conducted by Dairy Management Inc. (DMI) and Dairy Farmers of Wisconsin regarding what dairy-specific topics are most relevant to consumers and the appropriate way to communicate these key messages to consumers.

- For example, research shows that few consumers know that all milk is antibiotic free.
- Research further shows that this misinformation creates consumer distrust.
- Therefore, we would include a talking point on antibiotics to ensure that whenever consumers hear about antibiotics in milk (or the lack thereof) they hear the same message communicated the same way that has been tested to ensure it has the intended impact on consumer confidence

Identifying the distribution list for the reference sheet would also be a multi-organizational effort to ensure that anyone engaged in Wisconsin's dairy industry receives a copy. The reference sheet would also be available online, though ownership of the document would need to be determined.

¹ University of Wisconsin, Department of Agriculture & Applied Economics

² USDA AMS Milk Marketing and Utilization Summary

Recommendation #9

Support the National Dairy FARM Program or equivalent

Subcommittee: Consumer Confidence and Perception

Submitted by: Ted Galloway

Problem Statement: Ensuring that the state of Wisconsin's Dairy Industry receives ample supply of the highest quality milk is essential for processing superior quality dairy products, and healthy cows produce safe, wholesome milk. The Dairy Industry in partnership with dairy farmers have recognized a collaborative responsibility to ensure the best care is provided to dairy cows, not only because it's good for business but because it's the right thing to do. The Wisconsin Dairy Processors along with Wisconsin's Dairy Producers are firmly committed to ethical treatment of our dairy cattle and sustained animal wellness on dairy farms. The well-being of animals raised and used in the food supply is important to us, as it is to the consumers of our products.

Recommended Solution:

The Wisconsin Dairy Task force strongly supports that all dairy farms and manufacturers that supply our dairy processors with milk or dairy products do so in a manner that meets or exceeds industry standards and government regulations regarding animal welfare. Willful mistreatment or cruelty to animals is unacceptable and inconsistent with the values of dairy farmers.

The Wisconsin Dairy Task Force enthusiastically supports the animal care guidelines outlined in the National Dairy FARM (Farmers Assuring Responsible Management) Program and or an equivalent program and endorses suppliers to enroll and participate in FARM.

The Program is founded on the principles of continuous improvement, details specific animal care guidelines and best practices that are available at www.nationaldairyfarm.com. Our suppliers will encourage this continuous improvement with their producers, make every effort to report progress on FARM program implementation and be as transparent as possible. FARM has four program silos that are implemented with dairy producers, processors and industry partners to assure the highest standards on U.S. dairy farms.

Those silos focuses are;

- Animal Care – Demonstrating Excellent Cow Care
- Environment Stewardship – Protecting the Environment for Generations to Come
- Antibiotic Stewardship – Producing Safe, Wholesome Milk
- Workforce Development – Best Management Practices on Human Resources (Hiring, Training and supervision), Worker Health and Worker Safety

Recommendation #29*Truth in food labeling***Sub-committee:** Consumer Perception and Confidence**Submitted by:** Patty Edelburg

Problem Statement: Thorough and accurate food labels are an important tool that helps consumers make informed purchase decisions and allows producers to differentiate their products.

Recommended Solution:

We strongly encourage DATCP and Wisconsin DOJ to do all they can to work with state attorney generals as well as Congress, FDA, and USDA to implement truth in labeling laws. We encourage DATCP and Wisconsin DOJ to encourage labeling requirements that better inform consumers about the difference between dairy products and plant based beverages as well as beef products that come from cattle and those that were created in a laboratory.

Recommendation #6*Reduce barriers for farmers to utilize services from DWD DVR***Sub-committee:** Education and Workforce**Submitted by:** Krista Knigge and Mark Stephenson

Problem Statement: The Wisconsin Division of Vocational Rehabilitation (WDVR) created a policy in 2016 which significantly reduced the number of farmers with disabilities that WDVR serves. The “Existing Business Policy” requires farmers/consumers who own an existing business and want assistance from WDVR to provide three prior years of taxes to demonstrate both profitability and that the farmer/business owner earned minimum wage or above for hours worked for each of those three years. Most farmers/small business owners cannot meet this stringent Wisconsin-created policy. This policy has dramatically reduced the number of farmers with disabilities WDVR served from 80-100 farmers per year to approximately five per year since 2016.

Recommended Solution:

1. **Retire the current Existing Business policy.**
2. **Update and reinstate the “Toolkit for Existing Farms”.** The Toolkit for Existing Farms process permitted the WDVR to provide services to approximately 80-100

farmers with disabilities each year. With this WDVR assistance, 95% of those farmers were able to continue farming for at least five or more years.

3. **Add a fee schedule to the Toolkit for Existing Farms** that would assure the WDVR that the historical \$1-\$1.5 million expenditure for farmers per federal fiscal year would again be the norm.
 - a. The 2014 \$9.4 million cited by WDVR as the amount that they spent on 164 farmers with disabilities was one of the reasons for creating the Existing Business policy. The \$9.4 million expenditure was due to a 100% increase in the number of farmers with disabilities DVR typically serves. This surge in numbers was due to WDVR activating individuals from a wait list including farmers with disabilities.
 - b. In an analysis of 177 farm cases, the WDVR's average farmer case service expenditure was approximately \$36,000.
 - c. A fee schedule where WDVR covers 100% of the costs up to \$36,000.00 and a 50/50 cost share between WDVR and the farmer for costs over \$36,000 would align to a similar fee schedule in WDVR's Self-Employment Start-up Toolkit.

Recommendation #17

Assist rural businesses pursue healthy workplace practices

Sub-committee: Education and Workforce

Submitted by: Paul Scharfman

Problem Statement: There is a “hidden workforce” in rural Wisconsin. These are people who want to work but who cannot overcome the barriers to work on their own. A survey conducted by the UW-Population Health Institute (<https://uwphi.pophealth.wisc.edu/>) identified transportation to work, access to health insurance, and childcare as the most limiting barriers. Freeing them to join the workforce would benefit the worker, their community's businesses and their community.

Recommended Solution:

1. **The State of Wisconsin financially assist rural businesses who pursue healthy workplace practices.**
 - b) Access the UW-Population Health Institute to conduct a study identifying the potential workforce by county across the state.
 - c) Partially cost offset rideshare-type programs to get people to work.
 - d) Partially cost offset access to health insurance.

- e) Partially cost offset access to childcare.
 - f) Stipulate that all funding comes with the requirement that participating businesses must adhere to the principals of the Equal Employment Opportunity Act of non-discrimination in hiring or pay level on the basis of race, color, national origin, religion, age, equal pay, disability, genetic information, or criminal background.
 - g) Stipulate that all funding comes with the requirement that participating businesses must train their management and supervisors in the “soft skills” of managing a diverse workforce (such training will be partially funded by the State).
 - h) Help fund social media campaign and/or articles that explain the program to the public.
 - i) Promote the program and also look for additional funding support through the Department of Workforce Development.
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Recommendation #24

Develop a dairy internship program

Sub-committee: Education and Workforce

Submitted by: Rene Johnson, John Schmidt

Problem Statement: Many students do not perceive agriculture as a career option.

Recommended Solution:

Develop a Dairy Internship Program to attract university and technical college students to production agriculture. The internship program will be offered through universities and technical colleges with agricultural programs across the state of Wisconsin. University and colleges will assist hosting businesses in outlining a project, creating a list of responsibilities, wage and work schedule. The Dairy Task Force is requesting state funding for this project. Internship guidelines include:

1. A host business comes forward with the desire to have an intern.
2. The educator helps the dairy outline an internship project, job duties and expectations. In addition, a work schedule and time frame for the internship are outlined. At this time the hosting business is learning things that will assist them with the intern and also with basic employee management. Specifically focusing on:
 - **Soft Skills** – basic management practices to encourage a positive work environment. How to interact with employees in a constructive manner and ways to encourage development within your company and the agriculture industry. Develop a productive, kind, patient and safe work environment. Establish real tools for the employer to work with to encourage positive relationships with their employees and family members.

3. The internship is posted at university and technical colleges looking for applicants. The local educators can help screen potential candidates for the host business and screen a smaller group for interviews.
4. The host business interviews and offers the internship to potential candidate.
5. During the internship the educator will check in monthly with the intern and host business to evaluate progress.
6. At the end of the internship the intern will present their learning and findings on the project to the host business and educator.

We would like a three-year commitment for this program and our goal is the development of ten internships per year.

The annual funding requested is:

\$2000 per internship x 10 interns from the State of Wisconsin: \$20,000

Marketing of the program through Technical College in-kind budget: \$2,000

Total: \$22,000 per year

The \$2,000 per intern would be given to the university or technical college to provide direction, support and guidance to the host farm and intern – the farm is responsible for paying the labor cost of the intern.

Recommendation #5

Need to study the impact of dairy and agriculture on local communities

Subcommittee: Dairy and Rural Community Vitality

Submitted by: Dennis Bangart, Darin Von Ruden and John Schmidt

Problem Statement: Wisconsin's economy ranks number 11 in the United States at \$342 billion annually. Agriculture in general is 25.75% of this at \$88.2 billion and dairy is 12.7% of the total at \$43.3 billion.

Dairy supports one out of ten jobs in Wisconsin, and the economic impact supports an additional 1.46 jobs. The average cow in Wisconsin generates \$34,000 of economic activity every year. Agriculture, and especially dairy, is an important economic driver for the state of Wisconsin.

Recommended Solution:

Additional funding should be budgeted for the University of Wisconsin to study existing or proposed dairy and agricultural infrastructures in a community, county, or broader region and the benefits of the impact that currently exists or the benefits of future impact where new infrastructure is proposed. This could be a partnership program with business development under the other cabinet secretaries' areas. The goal is to bring economic studies and indices to the awareness of local communities and their local contributions of the dairy and agricultural sector. These models of local contributions can then be used for the creation of tools to identify

dairy and agricultural opportunities in the local infrastructure as well as provide a viewpoint of the importance the sector already serves.

The program may be open to models that emphasize either production agriculture or agri-business or a combination of both. Demographic and economic history, trends, or proposed changes within the models should be used to help communities set goals for the continued integrity of their community or proposed long-term benefits of future infrastructure changes.

Recommendation #8

Establishment of ag-based programs at the local level

Subcommittee: Dairy and Rural Community Vitality

Submitted by: Elizabeth Wells, Dennis Bangart and Michael DeLong

Problem Statement: The economic impact of the dairy industry on the state's Gross Domestic Product is not well understood. This literacy should be enhanced and made accessible to local decision-makers throughout the state.

Recommended Solution:

The Dairy Task Force 2.0 endorses the establishment and maintenance of agriculturally based programs with emphasis on dairy in chambers of commerce, extension networks, and workforce development programs throughout the state. These agriculturally based programs should build understanding of agriculture's economic impact, enhance the agriculture infrastructure, educate the consumer on farm origination to table destination, promote agriculture career development, and works to improve the vitality of Wisconsin's rural heritage.

Recommendation #10

Solutions for road local road infrastructure support and maintenance funds

Subcommittee: Dairy and Rural Community Vitality

Submitted by: Don Hamm, Jerry Schroeder and Dave Buholzer

Problem Statement: Rural communities need access to road infrastructure support and maintenance funds.

Recommended Solution:

1. Mandating that a set percent of the total transportation budget for the State of Wisconsin goes to local roads.
 2. Class A trucks used to haul feed and/or manure should be treated the same as milk trucks (heavy truck fee)
 3. Support a local wheel tax for towns and/or counties
 4. Looking at road bonding thru insurance companies or a Line of Credit
 5. Farms that are large enough to generate substantial heavy vehicle traffic could partner with local towns to help build roads out to a major highway.
 6. Dyed fuel tax for farm equipment that would go directly back to the townships, not thru the General Transportation Fund.
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Recommendation #11

Educational programming for non-farm audiences

Subcommittee: Dairy and Rural Community Vitality

Submitted by: Janet Clark

Problem Statement: As generations of employees are becoming further removed from the farm, they have little experience with today's modern farming practices. It is important for our community of employees to have a connection with these practices. Therefore, it is vital to create educational opportunities to be available to Wisconsin businesses to train their employees in today's modern farming practices.

Recommended Solution:

The Task Force recommends these educational programs include the following:

1. Basics of a Dairy Cow: This course would cover how milk is produced, different dairy facilities and how farmers care for their animals.
2. Farming Essentials: This course would focus on land and crop management. It would include the different types of farming, from grazing, organic to conventional. The importance of manure management to cropping systems.
3. Business Management: This course would culminate the business needs of a dairy farm; how the dairy cow, land & feed management filter into the business management of a

farm. Creating an understanding of different business structures and how new ideas and methods can impact a dairy farm.

We further recommend that grant funding be created for organizations that are creating these educational opportunities. These funds would be available for day of training expenses.

Recommendation #14

Assist farms develop and market agritourism

Sub-committee: Dairy and Rural Community Vitality

Submitted by: Melissa Haag, Janet Clark and John Schmidt

Problem Statement: Agritourism businesses are important specialties for many small dairies throughout the state of Wisconsin. Some of these agritourism businesses provide a form of entertainment for spectators to enjoy a taste of an agricultural lifestyle. Other agritourism businesses produce a specific dairy food product that allows consumers to directly connect to a farm where their food comes from. There is a growing population of farms looking at developing future business plans that involve agritourism as a way to diversify their small operation. Agritourism is important to the economic vitality of small, rural communities and the Wisconsin dairy industry.

Recommended Solution:

1. Pathways in Education: We recommend a document(s) be drafted that highlights a step by step process for farms to follow that could help standardize and reduce risk for the farms providing on-site tours of their operations. Each farm would have the freedom to put their own local spin on their tour. The documents can include but are not limited to resources for media training, communicating with consumers and identify the financial risk of hosting tours (i.e. compensation for time dedicated to giving tours and ways to protect yourself from the liability of hosting events)
2. Centralized Marketing for Farms participating in agritourism: We recommend a centralized location(s) (i.e. website, farm listing brochures) for farms who want to advertise their agritourism business or product. Consumers could seek out a variety of contact information in one location for farms around Wisconsin that provide agritourism activities.
3. Join Efforts Against Label Marketing of Dairy Free Products: Competition for space in the dairy cooler at grocery stores is difficult enough amongst true dairy products. Our small, specialty cheese, ice cream, yogurt, and fluid milk creameries should not have to compete for space in the dairy cooler against products that do not actually contain dairy. Ideally dairy free products should find alternative placement in the grocery store. We are seeking support for the in-Labeling Laws that are currently in place but not being enforced.

Recommendation #15

Support for broadband internet services in rural communities

Sub-committee: Dairy and Rural Community Vitality

Submitted by: Melissa Haag, Janet Clark and Mike DeLong

Problem Statement: Options for internet services in rural areas are extremely limited. The few options that are available usually come with data cap restrictions or are of a very slow service speed. The technological capabilities and communication expectations of modern day society depend on reliant and fast internet services. We feel that it would be important for families living in rural communities to have access to broadband internet services.

Recommended Solution:

We recommend support for Wisconsin legislators to continue investigating the possibility of making this a reality for rural Wisconsin communities. As family farms are trying to upgrade technology that might make their farms more efficient, there will be an increasing need for them to utilize broadband.

Additionally, if we want to keep a subset of our population living in rural communities, we need to have efficient way for them to communicate and work with the population living in the cities. There are numerous job opportunities that can allow a spouse to work from home, provided they are connected via the internet. Adequate internet service would give families the option to live in a rural community, having one spouse work on a farm or at a local business, while the other spouse potentially holds a job connected via electronic communication. We recommend supporting and researching opportunities for broadband internet services in our rural Wisconsin communities.

Recommendation #16

Require animal official identification

Sub-committee: Dairy and Rural Community Vitality

Submitted by: Melissa Haag

Problem Statement: The threat of a contagious, zoonotic, or foreign animal disease is an ever present risk to the livestock on our dairy farms. Accountability of individual animals and the

ability to trace their movements from a processing facility to farm of origin is important for veterinary teams to contain, isolate, and quarantine potentially infected or exposed facilities. Once a disease is identified, the goal is to limit the spread as efficiently as possible, thereby affecting the fewest number of farms. The financial impacts for a dairy having to deal with an outbreak of this magnitude can be extremely devastating if not catastrophic.

Recommended Solution:

Looking proactively, a system of unique individual animal identification on every animal that leaves a dairy premise would help create an efficient paper trail for traceability of animal movement. Should an infected animal be positively identified on another farm or in the food processing system, unique animal identification provides a streamlined path in which to identify the locations that animal has been and/or was raised.

Official animal identification is already required for interstate movement of cattle. Our recommendation would be that any bovine leaving a farm for sale, exhibition, or for slaughter be identified with official identification. Official identification options include: Brucellosis vaccination eartag, 840 AINs, or Silver/Brite tags.



Recommendation #36

Encourage dairy producers to run for local offices and commissions

Sub-committee: Dairy and Rural Community Vitality

Submitted by: Don Hamm

Problem Statement: Urbanization of Wisconsin’s rural communities can mean that township boards and planning commissions are filled with members who do not have a farm background or appreciate the complexities of operating a farm business. This can lead to local ordinances which unfairly restrict vehicle movement or practices necessary to farming operations.

Recommended Solution:

The Dairy Task Force 2.0 recommends dairy producers run for local town offices and serve on local plan commissions.



Recommendation #7

Become one of the dairy product and business innovation centers

Sub-committee: Markets

Submitted by: Dave Daniels

Problem Statement: The Agriculture Improvement Act of 2018, also known as the “Farm Bill” was passed by Congress and signed into federal law at the end of 2018. It contained language and authorization to establish not less than three dairy product and business innovation initiatives. The effort talks about drawing on existing industry resources such as academic and industry expertise, a dense dairy population, etc. These are all conditions of the resources available for the Wisconsin dairy industry.

Recommended Solution:

Coordinating across the University of Wisconsin, DATCP, industry associations and others, a proposal should be prepared and submitted to become one of the regionally-located dairy product and business innovation centers.

Recommendation #12

Need to have and understand a contract/member agreement

Sub-committee: Markets

Submitted by: Beth Wells

Problem Statement: Extra milk supply, trade disputes, and policy changes have led to abrupt dismissal of dairy farm markets for milk. Short notices of no longer needing a producer’s milk can have catastrophic consequences for an individual farmer who struggles to find a new home for his/her perishable product.

Recommended Solution:

We strongly encourage all milk producers and buyers to have a current contract/member agreement with the organization marketing the farm’s milk. It is further encouraged that the producer and buyer understand and communicate: the notice period in which either party can exit, the policies/requirements that the either party must meet to be in compliance, and the actions that can be enforced if either party is in breach of the contract/agreement.

Recommendation #13

Reduce the number of milk classes from the current four to two

Sub-committee: Markets

Submitted by: Ted Galloway and Mark Stephenson

Problem Statement: Federal Order milk pricing has evolved to its current incarnation over many years. In the 1940s and 1950s, some orders had as many as eight classes of milk with minimum prices in each class depending on products made from the milk. That complexity was reduced to the current four classes—milk used for fluid purposes, soft products, cheese, and butter and milk powders. Pooling of milk values across these classes renders plants relatively indifferent to giving up milk to the highest and best use of milk and diminishes the overall value of the pool.

Recommended Solution:

Reduce the number of milk classes from the current four to only two classes. Products that can be stored for at least half a year would constitute the manufacturing Class II and perishable to semi-perishable products would constitute the remaining as Class I. This would encourage milk to move to its highest value in manufacturing products to the point that the marginal value of milk used in hard cheeses was the same as milk used in butter and powders. And, semi-perishable products, like yogurt, creams and beverage products would find their equilibrium values.

Recommendation #30

Support processors with load consolidation and logistics planning

Sub-committee: Markets

Submitted by: Dr. John Lucey

Problem Statement: Due to its Midwest location, Wisconsin faces logistical obstacles with exporting products via either East or West coast port locations. These are significant challenges with smaller volume products like specialty cheese where help would be need for consolidation of loads into shipping container lots.

Recommended Solution:

There is opportunity to support small to medium size processors in load consolidation to support the logistics planning effort underway by the DOT.

We recommend exploring the need and funding for cold-storage facilities to aggregate loads to full containers, ready for domestic and international transport. We also recommend continued collaboration with DOT and other public and private partners to develop a logistics plan to provide more cost-competitive freight/shipping.

Recommendation #31

Feasibility study for Wisconsin Cheese Brand and Export Board

Sub-committee: Markets

Submitted by: Dr. John Lucey

Problem Statement: A growing number of Wisconsin dairy companies are becoming interested in exports. It is challenging for all our medium to small plants to have the resources and expertise to develop relationships with overseas buyers, understand all export requirements and have sufficient product on their own for cost-effective shipping and distribution. With over 200 Wisconsin dairy plants it is also confusing to overseas consumers/buyers to understand who all these Wisconsin cheese plants are and we lack a single brand identity.

Recommended Solution:

Initiate a feasibility study on the development for a Wisconsin Cheese Brand to be sold internationally in same vein as the Irish Dairy Board did with Kerrygold. In addition to a single brand this Wisconsin Export Board could be responsible for logistics, buyer relations, collating loads, etc. It is envisioned that this board would partner with organization like Dairy Farmers of Wisconsin, DATCP, WEDC, USDEC, CDR and have member cheese companies.

Recommendation #32

Create a Cheese Export program at CDR with technical staff support

Sub-committee: Markets

Submitted by: Dr. John Lucey

Problem Statement: Wisconsin cheese companies need technical assistance in developing successful products for exports. This includes tailoring performance, flavor, type of inclusions, and shelf-life extension in order to satisfy these new consumers. CDR has successfully assisted Wisconsin cheese companies to develop most of the specialty cheese products in the past 30

years but currently lack sufficient resources to support a major initiative to developing export cheeses.

Recommended Solution:

Create a Cheese Export program at CDR, modeled after their successful Specialty Cheese program, and provide funding for the additional technical staff needed to support such a program. These staff would support innovation around developing new cheese varieties, optimizing performance/shelf-life, developing new training programs, participation on overseas trade missions, etc.

Recommendation #33

Work to conduct detailed consumer preferences and insight studies

Sub-committee: Markets

Submitted by: Dr. John Lucey

Problem Statement: Wisconsin cheese companies lack information on consumer preferences in key overseas export markets. This makes it challenging for these companies to know if they can successfully export current product lines, if they need to adjust them, or if they should develop new products for these markets. Conducting detailed consumer insights and preferences studies is expensive and complex if they had to be performed in multiple overseas market places by individual manufacturers.

Recommended Solution:

CDR should work with USDEC/DATCP to identify key export markets and primary target cheese types. The CDR should then conduct detailed consumer preferences and insights studies here in Wisconsin by recruiting students or individuals who have recently arrived from these key export markets. There are thousands of international students and staff living/studying in the Dane county region covering a wide range of ethnic groups. The goal is to build up a database of detailed profiles of what the consumers in these regions want, expect and prefer in their cheeses. That information can be provided to any Wisconsin cheese company that wants to export to that region. These consumer panels could also be used by Wisconsin cheese companies to conduct specific focus groups on their products.

Recommendation #18

Beginning farmer program modernization

Subcommittee: Access to Capital

Submitted by: Bradley Guse

Problem Statement: The capital required to enter the dairy industry as either a producer or a processor creates a barrier to entry preventing the continual evolution of the industry. The large capital requirements to enter result in a higher financial risk profile limiting available options to gain start up financing. While programs exist at both the USDA – Farm Service Agency (FSA) and Wisconsin Housing and Economic Development Authority (WHEDA) , each of them has limitations when it comes to supporting entry. The first is limitation is in the new farmer’s entry into operations through ownership in a Corporation, LLC or LLP structure. This is often times a more efficient way for a new farmer to transfer ownership and should be facilitated rather than limited. Secondly, where those entities are not used, shared facility arrangements and rules with regards to what constitutes an operating entity, impacts borrower eligibility.

Recommended Solution:

1. That WHEDA and FSA both make appropriate changes to their programs eligibility requirements to allow:
 - d. Making beginning farmer loan programs available to members of a LLC, LLP or Corporation, if the individual otherwise would meet the beginning farmer definitions, helping the individual to become an owner, through purchase of a portion of the business, rather than hard assets.
 - e. Modernize and facilitate a method simplifying shared facility agreements to insure eligibility for beginning farmer loans is not impacted.
2. That WHEDA modernize their loan guarantee programs to include an effective tool to support beginning and start up dairy manufacturers and processors furthering innovation and market development expanding our world class specialty cheese and dairy product industry.

Recommendation #19

Capital for new and emerging technology

Subcommittee: Access to Capital

Submitted by: Bradley Guse

Problem Statement: Clean water and management of nutrients continues to be an area that dairy processors and producers work to improve upon through implementation of new technologies. The challenge is that many times these new and emerging technologies have no or limited track

records of performance in the production agriculture or processor space resulting in limited collateral value which in turn impacts the availability of capital/financing available to fund the implementation. Additionally, the implementation represents an added layer of financial risk for the operation, further impacting availability of financing.

Spurring the development of new environmental technology systems and adaptations to the dairy producer and processor space is also seen as a key component to development of proven and reliable systems that can add value to the operations where they are implemented, thus making traditional financing a viable option.

Recommended Solution:

Mark Binversie – Investors Community Bank, Sam Miller – BMO Harris Bank and Greg Steele – Compeer Financial, penned a Nutrient Environmental Technology Program proposal that provides for a loan guarantee program and developer grant program as detailed below, modified by the access to credit committee to include dairy processors as eligible users.

Nutrient Environmental Technology

Loan Guarantee Program

- Purpose:** To encourage the adoption of new nutrient management and odor mitigation technology by reducing financial risk.
- What is Eligible:** New waste management technology like anaerobic digesters and electricity production systems, separators, lagoon covers, aeration systems, and additional reception pits, pipes and pumps needed to accomplish the process of the waste management technology.
- Who is Eligible:** Any livestock producer, dairy processor or company working on a program to handle waste and odor mitigation issues.
- What is Ineligible:** Traditional systems/technology like clay lined or concrete storage pits or lagoons, or any vessel that as its function stores manure or waste. Equipment used to convey or transport waste.
- Guarantee Limit:** \$1,000,000
- Collateral:** 2nd or 3rd real estate mortgage and fixtures disclaimer on the items financed and best obtainable lien on any other available assets.
- Guarantee:** 90%
- Financial requirements:** 25% post close owner equity and 1.25 debt coverage ratio.

Or

40% post close owner equity and 1.1 debt coverage ratio.

(Based on 3-year average using proforma numbers and 20-year amortization on real estate and 7-year amortization on personal property.)

Loan Parameters:

Loan can be any amount (TBD) per site with multiple loans (sites) eligible. Requiring at least a 10% down payment from other sources on each project.

Lender can provide interest only for 1 year.

This loan is designed to be in a **junior position** to existing financing and is eligible to **subordinate** to future financing needs.

Loan can exceed the appraisal amounts by up to \$500,000

Loan Guarantee Program Examples

Example A

Digester system	\$ 600,000
plus soft costs	60,000
less ineligible	(40,000)
subtotal	\$ 620,000
less down payment (10%)	(62,000)
Total Loan	\$ 558,000
Guaranteed amount (90%)	\$ 502,200
unguaranteed amount	\$ 55,800
plus down payment and ineligible	\$ 102,000

Example B

Manure separator system	\$ 90,000
plus soft costs	10,000
less ineligible	(5,000)
subtotal	\$ 95,000
less down payment (10%)	(9,500)
Total Loan	\$ 85,500

Guaranteed amount (90%)	\$ 76,950
unguaranteed amount	\$ 8,550
plus down payment and ineligible	\$ 14,500

**Nutrient Environmental Technology
Technology Developer Grant Program**

Guidelines

- Purpose:** To facilitate the development and commercialization of new nutrient management and odor mitigation technology.
- What is Eligible:** The installation of commercial scale pilot systems for the research and development new nutrient management and odor mitigation technologies. These projects must lead to new or significantly improved products or processes and have a high probability of commercial success within a relatively short time period (2-3 years). Technologies must provide significant economic benefit to Wisconsin.
- Who is Eligible:** Any Wisconsin company or consortium working to develop on a system to better address nutrient management and odor mitigation issues can apply for funds. A consortium is an association between a Wisconsin business and a Wisconsin higher educational institution.
- What is Ineligible:** Technologies that have already been commercialized.
- Grant Limit:** \$100,000
- Participation Limit:** Maximum of 50% of total project Cost
- Grant Parameters:** The scientific and technical merit of the technologies would be evaluated by an independent peer review panel.

Recommendation #20

Establishment of a Farm Savings Account for farmers

Subcommittee: Access to Capital

Submitted by: Jon Accola

Problem Statement: Milk price volatility has become greater over the past several cycles. In high price years, like 2014, farmers seek to avoid income taxes by investing in productive assets—many of which can be expensed in the income-earning year. These assets can contribute to excess milk production in the subsequent years causing deep and/or prolonged downturns in milk prices.

Recommended Solution:

Based off the premise that farmers could use a way to delay paying taxes on farm income for a specified period. The Farm Savings Account (FSA) would allow them to save income in good years and use this income in years when farm income is down.

There have been numerous programs such as this introduced over the last 10-20 years. Sen Charles Grassley introduced a similar program in a bill that never made it to passage. The idea has been intriguing since it uses the same thought process as the tax deferred retirement accounts most of us use today.

The FSA is another risk management tool that farmer could use. In the most basic form, it does not generate any more revenue than the interest income that would accumulate in the “tax deferred saving account”. Some of the ideas brought forth in years past had incentives and matching funds tied to these savings accounts.

Taxes would be deferred on the funds in the FSA until the funds are needed as income or the time limit has been reached for having the funds in this tax deferred account.

The primary thought process is that at the end of good income years farmers use their excess cash to make capital purchases to reduce their tax burden. In most all business’ purchasing an item solely for the purpose of reducing taxes is usually not the best use of funds. There are many factors that go into making purchases of equipment and other capital items. Most notably is that there is a plan and a budget to follow that most likely was developed many months or even years ago.

The programs that have been introduced previously had specific limits on the percent of gross income that could be contributed each year. Some even had a maximum contribution which would limit the potential benefit to the largest farmers. There was also discussion of using this program to help offset income in low farm income years.

We do know that most farmers have the ability to do income averaging that could produce similar tax savings to what has been proposed above. Once again this takes planning and the ability to know what your current tax liability might be at any point in time during the year.

Recommendation #53

Support the Access to Better Credit (ABC) Act

Sub-committee: Access to Capital

Submitted by: Bradley Guse

Problem Statement: With current dairy economics, farm margins are strained resulting in additional risk to lending institutions providing credit to dairy producers. This additional risk adds cost to the lending institution which could result in less willing creditors in the agricultural lending space, or an increase in cost passed on to producers that will further decrease margins for dairy farmers further impacting one of the state's most vital industries. In addition, this levels the playing field between lending institutions in the ag space.

Recommended Solution:

The Wisconsin Bankers Association has proposed through public comment for consideration by the access to credit committee a bill to address the taxation of interest earned on loans made for primarily agricultural purposes. A summary of the bill is as follows

The Access to Better Credit (ABC) Act will incentivize greater credit access to farmers. Patterned after a federal bill - H.R. 6260, Enhancing Credit Opportunities in Rural America Act of 2016 (Rep. Jenkins, Lynn (R-KS-2)- this provision will provide an opportunity for increased access to cheaper credit for farmers in an increasing interest rate environment. It also provides parity in the tax code in relation to the treatment of tax on agricultural loans – it treats credit unions, banks in a similar fashion for agricultural loans under \$10 million. Specifically, the provision creates an income and franchise tax deduction for the income of a lender derived from a commercial loan of less than \$10,000,000 to a person residing or located in this state and made primarily for an agricultural purpose.

Highlights

- Loans MUST be made to Wisconsin businesses for the purpose of a project in Wisconsin. No financial institution will receive any benefit from this provision unless it makes a loan as defined by the statute.
- Lowering the cost of the loan means cheaper credit and/or more credit available for farmers.
- The ABC Act defines eligible loans as certain loans of up \$10 million to businesses with an agricultural purpose.
- To incentivize credit to farmers, the bill creates an income and franchise tax deduction for the income of a lender for these agricultural loans.

- Patterned after a federal bill - H.R. 6260, Enhancing Credit Opportunities in Rural America Act of 2016 (Rep. Jenkins, Lynn (R-KS-2)- this budget provision will provide increased access to cheaper credit for farmers in an increasing interest rate environment.
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Recommendation #34

Create an app for dairy producers and associates on major topics

Sub-committee: Regulatory Certainty

Submitted by: Moriah Brey

Problem Statement: Dairy producers are often asked by neighbors, their community or the media about topics pertaining to the industry. Accessing pertinent facts and supporting material can be time consuming and difficult. And, the message should be audience specific.

Recommended Solution:

Dairy Farmers of Wisconsin would **create an app for phones and tablets where timely messaging can be accessed**. Producers and associates would use the messaging and data found in the app to enhance the dialogue within their own network.

The app could be most useful if topic navigation was rapidly branching. For instance, a few major categories like Dairy production; Dairy products in the human diet; Animal welfare; Manure handling; etc. Then under a heading like Animal welfare, there might be some additional divisions like: Tail docking; Calf care; Cow comfort, etc. with talking points about each subject. Then if a producer knew that someone wanted to ask about a particular subject, thoughtful talking points could be accessed quickly.

This could also be useful for an overnight and timely topic like when BSE or tuberculosis was found in a cow. A new sort of “emergency heading” could appear on the app to provide talking points in a matter of hours. The material on such an app can be kept current and maybe each of the topical headings could have a URL that you could push as a SMS to a reporter that would provide more detail and science-based information.

Recommendation #38

Address regulations impacting milk haulers

Sub-committee: Regulatory Certainty

Submitted by: Jerry Schroeder

Problem Statement: The dairy industry relies on efficient milk hauling across its road network to assemble milk from farms to plants and to move liquid ingredients between plants. There are many places where the Wisconsin state regulations do not align with neighboring states, or the dairy industry is treated differently from other industries operating in the same geography within the state. These regulations should be harmonized.

Recommended Solution:

1. The Federal Motor Carrier Safety Administration (FMCSA) Hours of Service (HOS) Electronic Logging Device (ELD) exemption - 49 CFR 395.1(K) allows states to determine the time durations of said exemption.

Currently the Wisconsin Motor Carrier Safety Regulation - Trans 325.01 definition states:

“In this chapter, “planting and harvesting season” means the period of time beginning March 15 through December 15 of each year.”

Proposal to modify the definition to:

“In this chapter, “planting and harvesting season” means the period of time beginning ~~March 15~~ January 1 through December ~~15~~ 31 of each year.”

This modification aligns with the State of Illinois and Michigan provisions.

2. Wisconsin Department of Transportation – DTSD Condition Sheet for Oversize/Overweight Permits.

“Fluid milk product” (FMP) is defined by 7 CFR 1000.15 and currently states:

“...any milk products in fluid or frozen form that are intended to be used as beverages...”

Proposal to modify to:

“...any milk products from the point of production to another point of production or the first point of processing ...”

This would apply to overweight permits when hauling FMP at 98,000 pounds.

3. Increase FMP legal weights on Class “A” highways from 75,000 pounds to 82,500 pounds for vehicles not in combination (i.e. 5-axle straight trucks.)

This can be accomplished by adding FMP to Wisconsin Statute s348.27(9m) covering Raw Forest and Agricultural Products Weight Limitations.

- 4. Exempt trucks transporting FMP from spring thaw frost laws on Class “A” highways which would be similar to the forest products exemptions.**
- 5. Support potential new legislation that would create a new annual permit allowing an increase in weight of CMVs up to 91,000 pounds on six (6) axles on roads up to 15 miles departure off of the state highway system.**

Include CMVs transporting FMP at increased permitted weights.

- 6. Require local municipalities, towns, and counties to work with businesses transporting products to and from the farms.**

Determine safe, efficient routing to and from farms

Recommendation #39

Bulk Milk Weighers and Samplers license reciprocity

Sub-committee: Regulatory Certainty

Submitted by: Jerry Schroeder

Problem Statement: Currently licensed Bulk Milk Weighers and Samplers must have licenses in multiple states. This imposes an unnecessary regulatory burden of paperwork on milk haulers moving product across multiple states.

Recommended Solution:

That Wisconsin recognizes and passes occupational licensing reciprocity dealing with agricultural services which would include, but not be limited to, Bulk Milk Weighers and Samplers.

Recommendation #41

Support for public and private partnerships

Sub-committee: Regulatory Certainty

Submitted by: Ted Galloway

Problem Statement: For Wisconsin to remain the leader in milk production and dairy processing, it is essential that industry challenges are addressed on a timely basis and our state's resources are properly aligned to the problem at hand. Coordinating and advancing disparate interests of our common industry will assure a leading position in the dairy world.

Recommended Solution:

In order to meet this goal, private industry, Cooperative networks, educational institutions and government at each level must work communicate and work collectively. This will require all these entities to collaborate toward the common goal of advancing the industry.

DATCP could be the lead facilitator to unify and coordinate the parties. The supporting members for this resource group would be comprised of interest groups similar to the Dairy Task Force 2.0. The department would assist to identify and correct discrepancies and irregularities with the result being a one-stop resource to coordinate many facets of the dairy industry—environmental, food safety, and animal welfare, etc. Trade associations would assist the Department with the unification of all interests concerning the advancements of the dairy industry.

Recommendation #47

Need for regulatory certainty and consistency

Sub-committee: Regulatory Certainty

Submitted by: Brad Guse and Amy Penterman

Problem Statement: Regulation and enforcement of regulations are necessary to protect the natural resources of Wisconsin and the public health while serving the public good. Regulations should be based on sound science and actual issues rather than perceived issues or opinions. Regulations requiring a change of practice often result in a cost of compliance to existing operations. Inconsistent enforcement of regulations between jurisdictions adds confusion and can unfairly add costs where compliance is non-uniformly imposed.

Recommended Solution:

1. That a state level regulatory clearing house be created including membership from all impacted stakeholders to ensure the following:
 - a) That all new regulation is science based

- b) To determine the appropriate enforcement agency to insure consistency across jurisdictions when state level consistency is warranted.
 3. That a financial impact study be conducted on each new practice to ensure financial feasibility for the dairy producer or processor. Where that financial feasibility is limited, a funding source or cost sharing source must be identified to support the implementation of the new practice. We highly recommend the creation of an environmental and clean water “super fund” at the state level in order to provide support for implementation of all environmental and clean water regulations not found to be financially feasible but viable. This should be available to operations of all sizes to insure implementation at all levels.
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Recommendation #48

Remove the annual requirements for the rBST affidavit

Sub-committee: Regulatory Certainty

Submitted by: David Ward

Problem Statement: Currently dairy cooperatives proprietary handlers and milk contractors must obtain a signed and notarized affidavit every 12 months or less from every producer shipping milk identified as rBST-free. Many dairy cooperatives and processors in Wisconsin now require 100 percent rBST-free milk. The requirement to obtain a signature every year adds cost and record-keeping challenges for the industry.

The legislature was silent in on the duration of the affidavits when it enacted Wis. Stat. 97.25 in 1993 and it is inconsistent with requirements in other states. And, the vast majority of dairy processors require rBST-free milk in their products and the potential to lose a customer has meant the industry is doing a good job of policing itself

Recommended Solution:

Remove the annual requirement for the rBST affidavit under Administrative Rule ATCP 83.02

Recommendation #35*Increasing milk quality standards***Sub-committee:** Price Volatility and Profitability**Submitted by:** Don Hamm

Problem Statement: The current upper legal limit of 750,000 somatic cells (SCC) per milliliter of milk has been in place since 1993. This is a limit that every dairy farm must meet to be able to sell Grade A milk under the Pasteurized Milk Ordinance (PMO). The legal limit for milk in the European Union is currently 400,000 SCC and dairy products exported from the U.S. to the EU must also meet this more restrictive level of quality. The current actual average SCC in the Upper Midwest is below 200,000 SCC.

Recommended Solution:

We recommend changes to the Pasteurized Milk Ordinance (PMO) to harmonize the U.S. legal SCC level to that of the EU standard of 400,000. This would mean that exporters would not have to individually certify that each farm from which they procure milk meets the lower limit.

Recommendation #37*Understanding marketing tools available***Sub-committee:** Price Volatility and Profitability**Submitted by:** Don Hamm, Mike DeLong and Rene Johnson

Problem Statement: Price volatility and low milk prices through the bottom of the cycles, threaten the viability of dairy farmers who are “self-insuring.” Dairy producers need to understand the marketing tools available to them and make choices congruent with their individual business needs.

Recommended Solution:

We recommend dairy producers work to understand the marketing tools that are available such as Dairy Revenue Protection (DRP), Dairy Margin Coverage (DMC), Livestock Gross Margin (LGM-Dairy), cash forward contracts, futures and options, etc. We encourage producers to use the tools that best fits their business.

We further recommend county Farm Service Agency (FSA), agricultural lenders, insurance providers, UW-Extension agents and marketing specialists work together to provide learning opportunities for Wisconsin dairy producers to deepen their knowledge of existing and new risk management and marketing tools available. A collaborative effort among these industry partners

to educate dairy farmers with these pricing tools is essential for the long term stability of our dairy industry.

We challenge the Wisconsin Bankers Association to take the lead on organizing these meetings and invite the involvement of UW-Extension agents, county FSA offices, marketing specialists and insurance agents to join forces and host informative meetings covering topics such as DRP, DMC, LGM, forward contracts, put options and direct marketing through their co-op or dairy plant.

Recommendation #40

Increasing demand for fluid milk consumption in schools

Sub-committee: Price Volatility and Profitability

Submitted by: Mike DeLong

Problem Statement: Fluid milk consumption continues to decline. While the problem is multifaceted, making milk readily available in schools for after-sports consumption and refreshment breaks, may bolster current demand for the product and reinforce a life-long pattern of consumption.

Recommended Solution:

The Dairy Task Force 2.0 recommends Dairy Farmers of Wisconsin, Wisconsin FFA Chapters, dairy processors, dairy producers, dairy product distributors and Wisconsin schools work together to put milk vending machines in every school in Wisconsin (including universities) for students to purchase milk. The milk vending machines would offer milk in an easy to drink container that maintains freshness. We recommend that multiple flavors of milk be offered for sale.

We recommend the State of Wisconsin offer grants to schools or FFA chapters to purchase these milk machines. We recommend that Wisconsin processors be eligible for economic development grants or milk checkoff dollars be used to convert or enhance their product lines to be able to produce bottled milk containers for school vending machines.

We recommend that the milk bottled and sold in these machines must be produced from Wisconsin Dairy Farms.

Finally, we recommend that 25% of the sales dollars of the bottles of milk go directly back to Wisconsin Dairy Producers.

Recommendation #46

Need to understand milk pricing and provide training

Sub-committee: Price Volatility and Profitability

Submitted by: Tom Crosby

Problem Statement: Milk price discovery and regulated pricing and pooling through Federal Milk Marketing Orders (FMMO) has evolved over more than seven decades. It is complex but no single aspect of dairy farm business impacts producer success more than the milk price itself. Dairy farmers need to understand how milk is priced to better anticipate price movements and to have input into changes to the Federal Orders themselves.

Recommended Solution:

The Dairy Task Force 2.0 recommends all dairy farmers develop a general understanding of how federal milk marketing orders work. We also recommend the UW Center for Dairy Profitability to hold regional seminars to educate farmers on this topic.

Recommendation #49

Implementation of California fluid milk standards

Sub-committee: Price Volatility and Profitability

Submitted by: Ryan Klussendorf

Problem Statement: Total fluid milk sales have been in noticeable decline since 2010. However, as a sub-category, higher fat fluid milk sales have increased over that same time. California has required fluid milk sold in the state to replace butterfat removed from whole milk levels to be replaced with an equivalent volume of skim milk solids. This improves the taste and experience of consuming lower fat milk products.

Recommended Solution:

We recommend adoption of the California fluid milk standards for all milk sold in the state of Wisconsin.

Recommendation #50

Support H.R. 832, Whole Milk for 4 Healthy Kids Act of 2019

Sub-committee: Price Volatility and Profitability

Submitted by: Ryan Klussendorf

Problem Statement: In 2010, lawmakers passed The Healthy, Hunger Free Kids Act, which mandated all milk served in National School Lunch Program and School Breakfast Program had to be skim or low-fat, and any flavored milks had to be skim. This was followed by a significant decline of milk consumption in schools—28% in five years time. In 2018, Secretary of Agriculture, Sonny Purdue, allowed skim, 1% and 2% milk options to again be offered in schools, but whole milk products are still not available.

Recommended Solution:

We support Congressional passage of the “Whole Milk for 4 Healthy Kids Act of 2019” (H.R. 832) which would allow flexibility of school lunch programs to offer a variety of choice in flavored and unflavored milk, including whole milk.

Recommendation #51

Mandatory pooling

Sub-committee: Price Volatility and Profitability

Submitted by: Ryan Klussendorf

Problem Statement: As milk has become long on the Upper Midwest market, manufacturing plants have depooled or partially depooled their milk from the federal milk marketing order allowing them to pay less than regulated minimum prices to producers.

Recommended Solution:

We support mandatory pooling of all classes of milk in a federal milk market area.

Recommendation #52

Federal Milk Marketing Order structure changes

Sub-committee: Price Volatility and Profitability

Submitted by: Tom Crosby

Problem Statement: USDA data shows that production costs are higher for small to mid-sized family farms than for very large dairies. Because of this production cost difference, a price high enough to make family farms profitable can induce a flood of milk from very large farms. On the other hand, a price that makes very large farms profitable can still be too low to stem the loss of small to mid-sized dairy farms.

Recommended Solution:

The Dairy Task Force 2.0 recommends the adoption of the Structured Dairy Pricing plan proposed by National Farmers Organization. The proposal would create a national pool for all milk with mandatory pooling. The proposal does not alter the minimum price structure paid by plants for all classes of milk, but it does change the way in which the pool is distributed to producers. Producers would receive a Price Adjuster of \$4.00 per cwt on the first 1 million pounds of milk sold. The remaining pool value would be evenly distributed across all milk in the pool.